

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **North Shore Community Bank & Trust Company, Wilmette, Illinois** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **April 28, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S RATING: This institution is rated **Satisfactory**.

North Shore Community Bank generally promotes economic revitalization and growth, consistent with its size, financial capacity, location, and assessment area's current economic conditions. The bank's efforts are accomplished primarily through the origination of 1-4 family residential real estate, consumer installment, and single-payment loans. The bank's average loan-to-deposit ratio of 71.98% for the six most recent reporting quarters, supports these efforts. Since October 1996, 54.39% of all loans were made within the bank's assessment area and are reasonably distributed among borrowers of different income levels. There is no evidence of prohibited discriminatory lending practices or policies. No CRA related complaints were received by the bank since the previous examination.

DESCRIPTION OF INSTITUTION

North Shore Community Bank and Trust Company, with total assets of \$180.8 million as of March 31, 1997, is a subsidiary of Wintrust Financial Corporation, a multi-bank holding company.

The bank operates four offices in Northern Illinois, including the main office in Wilmette, and branch offices in Wilmette, Glencoe, and Winnetka. The bank offers a variety of deposit products and services, as well as residential mortgage, commercial and consumer loans. The bank's office hours are as follows:

Office	Monday - Friday	Saturday
Main Office	8:30 A.M. - 5:30 P.M.	8:30 A.M. - 2:00 P.M.
Wilmette Office	7:00 A.M. - 7:00 P.M.	7:00 A.M. - 2:00 P.M.
Glencoe Office	7:00 A.M. - 7:00 P.M.	7:00 A.M. - 2:00 P.M.
Winnetka Office	7:00 A.M. - 7:00 P.M.	7:00 A.M. - 2:00 P.M.

Additionally, the bank operates two automated teller machines (ATMs), one each at the main office and the drive-thru facility; both located in Wilmette and accessible 24-hours a day.

The bank's primary competition consists of Bank One, Chicago, N.A., The First National Bank of Chicago, and Harris Bank Wilmette, N.A., all of which are located in Wilmette, Illinois. The bank also receives competition from Edens Bank, First Nationwide Bank, and a branch of Texas-based Beal Bank SSB, all located in Wilmette, Illinois. All of these institutions, with the exception of Edens Bank, are owned by large multi-bank/thrift institutions.

DESCRIPTION OF ASSESSMENT AREA

The bank is located in Wilmette, Illinois, in northern Cook County, approximately 20 miles north of downtown Chicago. The bank's assessment area consists of the Villages of Wilmette, Winnetka, Kenilworth, Glencoe, and Northfield. The assessment area is part of the Chicago Metropolitan Statistical Area (MSA) and includes census tracts 8001 through 8013, 8018, 8019.01 and 8019.02. All of the census tracts are upper-income tracts.

According to 1990 census information, the bank's assessment area has a population of 64,659. The total minority population for the bank's assessment area is 6.7% and includes 4.7% Asian, 1.4% Hispanic and .6% Black. Approximately 3.7% of the families in the assessment area had income less than 50% of MSA median family income and 6.2% had income less than 80% of the MSA median family income. The median family income was \$97,987 for the assessment area and \$42,758 for the MSA. In 1990, the median home value was \$336,824 for the assessment area and the median age of housing stock was 39 years. The following chart represents additional housing information:

HOUSING DATA	ASSESSMENT AREA	Percent of Total
Owner Occupied Units	20,805	84.5%
Rental Units	2,942	12.0%
Vacant Units	<u>870</u>	3.5%
Total Housing Units	<u>24,617</u>	

The bank's community is primarily residential. Most of the population is employed in the downtown and northern suburban Chicago areas. The local businesses are primarily specialty stores with the Edens Plaza contributing substantially to the Village of Wilmette's tax revenues. According to the Wilmette Chamber of Commerce, the major employers (50 employees or more) in the area include: Bank One, Chicago, NA, Wilmette; National Louis University, Evanston; Wilmette Park District, Wilmette; Normandy House, Wilmette; Chalet Nursery & Garden Shop, Wilmette; and, Baird & Warner Real Estate, Glenview. According to the Illinois Department of Employment Security, unemployment in the Village of Wilmette was 1.7%, compared to the state, MSA, and county unemployment rates of 5.3%, 5.1%, and 5.3% respectively as of March, 1997.

Discussions with community representatives revealed that economic conditions are favorable. New condominiums and town homes have been built over the last year to help accommodate the high demand for housing in the area. Due to the housing demand in the assessment area, many residents purchase smaller homes, tear them down and replace them with larger homes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Management has developed adequate policies, procedures, and training programs supporting nondiscrimination in lending activities. The institution is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts.

Loan to Deposit Ratio

The bank's averaged quarterly loan to deposit ratio for the six previous reporting quarters is 71.98%. This compares favorably to the peer average quarterly deposit ratio for the same period of 69.65%. The bank's level of lending was compared to banks of similar size within the market area as of March 31, 1997 is as follows:

BANK NAME	ASSETS (000s)	LOAN TO DEPOSIT RATIO
North Shore Community Bank and Trust Company	\$180,780	79.64
Edens Bank, Wilmette	\$70,374	65.46
Harris Bank, Wilmette	\$82,564	60.66

In addition to the loans held in the bank's portfolio, the bank also takes applications for mortgages that are passed on to other financial organizations in brokered transactions. During the one year period ending March 31, 1997, the bank took applications for approximately 90 mortgage loans totaling approximately \$47 million that closed with other financial organizations.

The bank's loan-to-deposit ratio, considering the bank's capacity to lend, demographic and economic factors present in the assessment area, and the lending opportunities available in the institution's assessment area, meets the standards for satisfactory performance.

Lending in Assessment Area

A six-month review of the bank's 1996 HMDA Loan Application Register (LAR), a sample of consumer installment loans and the bank's internal monitoring report were reviewed to determine the bank's level of lending within its assessment area.

LOAN TYPE	TOTAL SAMPLED # / \$'s (000's)	WITHIN THE ASSESSMENT AREA # / \$'s (000's)	PERCENT OF TOTAL # / \$'s
Real Estate Purchases	10 / \$1,579	4 / \$650	40.00 / 41.17
Real Estate Refinancings	9 / \$910	6 / \$713	66.67 / 78.35
Real Estate Home Improvement	52 / \$4,222	32 / \$3,163	61.54 / 74.92
REAL ESTATE TOTAL	71 / \$6,711	42 / \$4,526	59.15 / 67.44
INSTALLMENT LOANS	100 / \$1,910	51 / \$1,195	51.00% / 62.57%

As the preceding chart illustrates, 54.39% of the total number and 66.36% of the total dollar amount of loans reviewed were made within the assessment area.

Management monitors the geographic distribution of the bank's loan portfolio quarterly. According to a report for the period ending March 31, 1997, the bank's total number of loans originated within the assessment area, including business loans, represented 59.17% of the total loan portfolio, or \$58.7 million.

The bank's lending within the assessment area meets the standards for satisfactory performance.

Lending Analysis Based Upon Borrower Income and Size of Business

A six-month review of the bank's HMDA LAR and a sample of consumer installment loans were reviewed to determine the bank's distribution of loans among borrower income levels.

Loan Product	Low Income Borrowers	Moderate Income Borrowers	Middle Income Borrowers	Upper Income Borrowers
Real Estate Purchase	1 / \$20,000	1 / \$20,000	0 / 0	2 / \$610,000
Real Estate Refinance	0 / 0	0 / 0	2 / \$200,000	4 / \$513,000
Real Estate Home Improvement	0 / 0	2 / \$65,000	0 / 0	30 / \$3,098,000
Total Real Estate	1 / \$20,000	3 / \$85,000	2 / \$200,000	36 / \$4,221,000
Cash Secured Installment	1 / \$60,000	0 / 0	1 / \$10,000	6 / \$395,830
Unsecured Installment	0 / 0	0 / 0	3 / \$40,000	23 / \$406,429
Vehicle Secured Installment	1 / \$3,500	4 / \$36,300	2 / \$18,119	10 / \$224,861
TOTAL Installment	2 / \$63,500	4 / \$36,300	6 / \$68,119	39 / \$1,027,120

The review of the HMDA LAR revealed that 9.52% of the total number and 2.32% of the total dollar amount of sampled real estate-related loans were originated to low- or moderate-income borrowers. The review of installment loans reveals that 11.76% of the total number and 8.35% of the total dollar amount of all installment loans were originated to low- or moderate-income borrowers. Considering the median income and median housing value levels of the assessment area, many low- or moderate-income individuals do not qualify for real estate loans. Moreover, because of the high median income of the assessment area compared to the MSA median income, there are few families within the assessment area that are categorized as low-income.

According to the bank's internal analysis of business loans, the majority of business loans were to small businesses with revenues under \$1 million. The bank originated 124 or 93.94% of its loans to small businesses for a total of \$24.44 million, during the six-month sample period, ending March 31, 1997.

Lending to borrowers of different income levels and businesses of different sizes meets the standards for satisfactory performance.

Geographic Distribution of Loans

Because there were no designated low- or moderate-income geographies located within the

bank's assessment area, this criterion is not rated.

Response to Substantiated Complaints

No complaints were received regarding CRA performance since the previous examination.